

GRAVITY DRAINAGE DISTRICT NO. 5  
OF CAMERON PARISH  
GRAND CHENIER, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND  
ACCOUNTANTS' REPORT

Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/24/11

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## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis

Within this section of the Gravity Drainage District No. 5 of Cameron Parish's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2010. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### Financial Highlights

- The District's assets exceeded its liabilities by \$883,566 (net assets) for the fiscal year reported.
- Total revenues of \$201,504 exceeded total expenditures of \$145,033, which resulted in a current year excess of \$56,471, compared to prior year excess of \$41,516.
- Total net assets are unrestricted.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### Overview of the Financial Statements

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

#### Government-Wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis (Continued)

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and maintenance.

The government-wide financial statements are presented on pages 9 and 10 of this report.

### Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

*Governmental funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 12 through 15 of this report.

### Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 16 of this report.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 22 of this report.

## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis (Continued)

#### Financial Analysis of the District as a Whole

The District's net assets at fiscal year-end are \$883,566. The following table provides a summary of the District's net assets:

	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 883,566	\$ 866,844
Liabilities:		
Current liabilities	<u>-</u>	<u>39,749</u>
Net assets:		
Unrestricted	<u>\$ 883,566</u>	<u>\$ 827,095</u>

The District reported positive balances in net assets, which increased by \$56,471. The District's overall financial position improved during the fiscal year 2010.

The following table provides a summary of the District's changes in net assets:

	<u>2010</u>	<u>2009</u>
Revenues	\$ 201,504	\$ 158,531
Expenses		
Maintenance	136,581	101,363
Administration	<u>8,452</u>	<u>15,652</u>
Total Expenses	<u>145,033</u>	<u>117,015</u>
Change in Net Assets	56,471	41,516
Beginning Net Assets	<u>827,095</u>	<u>785,579</u>
Ending Net Assets	<u>\$ 883,566</u>	<u>\$ 827,095</u>

#### Governmental Revenues

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 82% (99% for 2009) of the District's total revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

#### Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues were going to be \$1,539,300 more than the prior year, mainly due to FEMA revenues and expenditures were anticipated to be \$1,375,020 more than the previous fiscal year's budget, mainly due to capital outlay. The budget was amended once during the year, both revenues and expenditures were reduced by \$1,446,000 due to FEMA revenues and capital outlay.

## GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH

### Management's Discussion and Analysis (Continued)

#### **Capital Assets and Debt Administration**

The District has no capital assets nor debt

#### **Economic Conditions Affecting the District**

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

#### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Mr. Darrell Williams, Secretary at (337) 775-5718.



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.  
RICHARD W. CASIDAY, C.P.A.  
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COY T. VINCENT, C.P.A.  
MICHELLE LEE, C.P.A.  
BRADLEY J. CASIDAY, C.P.A., C.V.A.  
JULIA W. PORTUS, C.P.A.  
KATHRYN BLESSINGTON, C.P.A.

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

May 31, 2011

Board of Commissioners  
Grand Chenier Gravity Drainage District No. 5 of Cameron Parish  
Grand Chenier, Louisiana

We have reviewed the accompanying basic financial statements of the Grand Chenier Gravity Drainage District No. 5 of Cameron Parish, a component unit of Cameron Parish Police Jury, as of December 31, 2010 and for the year then ended. A review includes primarily applying analytical procedures to the District's financial data and making inquiries. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Grand Chenier Gravity Drainage No. 5 of Cameron Parish is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board and is presented only for purposes of additional analysis and has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on this information.

In accordance with the Louisiana Government Audit Guide and the provisions of state law, we have issued a report, dated May 31, 2011, on the results of our agreed-upon procedures.

*Gragson, Casiday & Guillory*

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Statement of Net Assets

December 31, 2010

<b>ASSETS</b>	
Cash	\$ 713,783
Receivables	
Ad valorem taxes, net	<u>169,783</u>
<b>TOTAL ASSETS</b>	<b><u>883,566</u></b>
 <b>LIABILITIES</b>	
	<u>-</u>
 <b>NET ASSETS</b>	
Unrestricted	<b><u>\$ 883,566</u></b>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Statement of Activities

Year Ended December 31, 2010

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and contributions</u>	<u>Net Revenues (Expenses) and</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities:				
General government	\$ 8,452	\$ -	\$ -	\$ (8,452)
Drainage work	136,581	-	36,000	(100,581)
Total governmental activities	<u>\$ 145,033</u>	<u>\$ -</u>	<u>\$ 36,000</u>	<u>(109,033)</u>
General Revenues:				
Property taxes, net				164,697
Interest				807
Total general revenues				<u>165,504</u>
Change in net assets				56,471
Net assets, beginning				<u>827,095</u>
Net assets, ending				<u>\$ 883,566</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

## FUND FINANCIAL STATEMENTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Balance Sheet – Governmental Fund

December 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 713,783	\$ 664,551
Receivable – ad valorem taxes, net	169,783	179,179
Receivable – FEMA	-	23,114
TOTAL ASSETS	<u>\$ 883,566</u>	<u>\$ 866,844</u>
LIABILITIES AND FUND EQUITY		
Liabilities – accounts payable	\$ -	\$ 39,749
Fund Equity		
Fund balance – unreserved and undesignated	883,566	827,095
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 883,566</u>	<u>\$ 866,844</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Reconciliation of the Balance Sheet - Governmental Fund to the  
Statement of Net Assets

December 31, 2010

Total fund balance for governmental fund at December 31, 2010:	\$ 883,566
Total net assets reported for governmental activities in the statement of net assets different from the balance sheet:	<u>-</u>
Total net assets of governmental activities at December 31, 2010	<u>\$ 883,566</u>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Fund

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
<b>REVENUES</b>		
Ad valorem taxes (net)	\$ 164,697	\$ 157,152
Interest	807	1,379
Intergovernmental – FEMA	<u>36,000</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<b>201,504</b>	<b>158,531</b>
<b>EXPENDITURES</b>		
General Government		
Advertising	168	126
Bank charges	127	126
Insurance	2,591	-
Maintenance	136,581	101,363
Office expense	166	-
Professional fees	5,400	15,400
Capital outlay	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<b><u>145,033</u></b>	<b><u>117,015</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>56,471</b>	<b>41,516</b>
<b>FUND BALANCE – BEGINNING</b>	<b><u>827,095</u></b>	<b><u>785,579</u></b>
<b>FUND BALANCE – ENDING</b>	<b><u>\$ 883,566</u></b>	<b><u>\$ 827,095</u></b>

The accompanying notes and accountants' report are an integral part of these financial statements.

**GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH**  
**Grand Chenier, Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance-Governmental Fund to the Statement of Activities**

**Year Ended December 31, 2010**

<b>Total net changes in fund balances at December 31, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balances</b>	<b>\$ 56,471</b>
<b>The change in net assets reported for governmental activities in the statement of activities different from the statement of revenues, expenditures and changes in fund balance</b>	<b>_____ -</b>
<b>Total changes in net assets at December 31, 2010 per Statement of Activities</b>	<b><u>\$ 56,471</u></b>

The accompanying notes and accountants' report are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS

**GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH**  
**Grand Chenier, Louisiana**

**Notes to Financial Statements**  
**December 31, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Gravity Drainage District No. 5 of Cameron Parish was created on September 9, 1962, as a political subdivision of the State of Louisiana under the provisions of Louisiana Revised Statutes 38:1751-1802, and was established for the purpose of opening and maintaining all natural drains in the District where drainage is accomplished using the natural force of gravity. The District is governed by a board of 5 commissioners who are appointed by the Cameron Parish Police Jury. The commissioners do not receive compensation for serving on the board.

**1. Reporting Entity**

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Gravity Drainage District No. 5 of Cameron Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Gravity District No. 5 of Cameron Parish.

As the governing authority, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the Cameron Parish Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Cameron Parish Police Jury.
2. Organizations for which the Cameron Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Cameron Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature of significance of the relationship.

Continued

**GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH**  
**Grand Chenier, Louisiana**

**Notes to Financial Statements**  
**December 31, 2010**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—CONTINUED**

Based upon the application of these criteria, Gravity Drainage District No. 5 of Cameron Parish is a component unit of the Cameron Parish Police Jury's reporting entity.

**2. Basis of Presentation**

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

**Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the General Fund, which is therefore considered its major fund.

**3. Measurement Focus/Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus**

On the government-wide statement of net assets and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

**4. Cash**

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2010, the District had \$717,709 in deposits (collected bank balances), of which all was secured from risk by federal deposit insurance and pledged securities.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2010

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**5. Budgets**

A budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

**6. Equity Classification**

In the government-wide statements, equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**7. Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**8. Subsequent Events**

Management has evaluated subsequent events through May 31, 2011, the date the financial statements were available to be issued.

GRAVITY DRAINAGE DISTRICT NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Notes to Financial Statements  
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of charges in the District's financial position and operations.

NOTE B - AD VALOREM TAXES

For the year ended December 31, 2010, taxes were levied on taxable assessed valuations of \$28,995,418 at a millage of 6.05.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15<sup>th</sup> of the current year, and become delinquent after December 31<sup>st</sup>. Property taxes not paid by the end of February are subject to lien.

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE D - CONTINGENCIES

In September 2008 Hurricane Ike struck Southwest Louisiana causing damage to the District's property and its infrastructure. The total damage was \$23,114. At this time, the amount of potential uninsured and/or unreimbursed losses sustained by the District is estimated at \$0.

**REQUIRED SUPPLEMENTAL INFORMATION**

GRAVITY DRAINAGE NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		
<b>REVENUES</b>				
Ad valorem taxes (net)	\$ 180,040	\$ 180,040	\$ 164,697	\$ (15,343)
Interest	500	500	807	307
Intergovernmental – FEMA	<u>1,485,000</u>	<u>39,000</u>	<u>36,000</u>	<u>(3,000)</u>
TOTAL REVENUES	<u>1,665,540</u>	<u>219,540</u>	<u>201,504</u>	<u>(18,036)</u>
<b>EXPENDITURES</b>				
General Government				
Advertising	500	500	168	332
Bank charges	180	180	127	53
Insurance	3,000	3,000	2,591	409
Maintenance	166,000	166,000	136,581	29,419
Office expense	-	-	166	(166)
Professional fees	4,400	4,400	5,400	(1,000)
Capital outlay	<u>1,500,000</u>	<u>54,000</u>	<u>-</u>	<u>54,000</u>
TOTAL EXPENDITURES	<u>1,674,080</u>	<u>228,080</u>	<u>145,033</u>	<u>83,047</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(8,540)	(8,540)	56,471	65,011
<b>FUND BALANCE – BEGINNING</b>	<u>827,095</u>	<u>827,095</u>	<u>827,095</u>	<u>-</u>
<b>FUND BALANCE – ENDING</b>	<u>\$ 818,555</u>	<u>\$ 818,555</u>	<u>\$ 883,566</u>	<u>\$ 65,011</u>

See accountants' report.



**GRAGSON, CASIDAY & GUILLORY, L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

May 31, 2011

Board of Commissioners  
Grand Chenier Gravity Drainage District No. 5  
of Cameron Parish  
Grand Chenier, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Grand Chenier Gravity Drainage District No. 5 Cameron Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Grand Chenier Gravity Drainage District No. 5 of Cameron Parish's compliance with certain laws and regulations during the year ended December 31, 2010 included in the accompanying Louisiana Attestation Questionnaire. Management of Grand Chenier Gravity Drainage District No. 5 of Cameron Parish is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$30,000, or for public works exceeding \$150,000.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The District does not have any employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

N/A

#### Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with the original budget for 2010. There was one amendment to the budget for the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adopted and the amended budgets to approval in the minutes.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues were less than budgeted revenues for the year by more than 5%. Actual expenditures met budgeted expenditures within 5%.

#### Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account.

The payments were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

The payments received proper approvals.

#### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the meeting place, a public place. We found no evidence of noncompliance.

#### Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District and a review of payroll records indicated no payments for any bonuses, advances or gifts.

12. Prior Year Comments and Recommendations.

Our prior year report, dated June 15, 2010, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Grand Chenier Gravity Drainage District No. 5 of Cameron Parish, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dragsen Casiday & Guillory*

## LOUISIANA ATTESTATION QUESTIONNAIRE

Gragson, Casiday & Guillory  
P.O. Drawer 1847  
Lake Charles, LA 70602

May 31, 2011

In connection with your review of our financial statements as of December 31, 2010 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 31, 2011.

### Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

### Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

### Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☐ No ☒

### Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Secretary/Treasurer

GRAVITY DRAINAGE NO. 5 OF CAMERON PARISH  
Grand Chenier, Louisiana

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

1. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Louisiana Governmental Audit Guide

Finding #2010-01:

Budgetary authority and control:

Condition: Actual revenues were less than budgeted revenues by more than 5%.

Criteria: LA. Rev. Stat. §39:1310 – whenever total actual revenues and other sources are less than the total budgeted revenues by 5% or more, the budget should be amended.

Effect: Violation of LA. Rev. Stat. §39:1310 – Budgetary authority and control.

Cause: Administrative oversight.

Recommendation: The Commission should compare actual to budget revenues and expenditures each month and amend the budget if necessary.

Corrective Action to Take (Management Response): Agreement to finding, oversight will increase to adhere to budgetary authority and control compliance.

2. Prior Year Findings

None